GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:399
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BLACK MARKETING OF KEROSENE .
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the kerosene oil meant for poor people through PDS is being sold in black market;

(b) if so, the reaction of the Government in this regard;

(c) the number of complaint received and number of cases detected and the action taken by the Government against the person found guilty during the last two years, State-wise; and

(d) the corrective steps taken or being taken by the Government to check the diversion and black marketing of kerosene?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (d): The Government of India allocates Kerosene under the Public Distribution System (PDS) to the States/UTs on quarterly basis for further distribution to eligible consumers by the States/UTs. In accordance with the policy adopted by the Government of India in 2000, Kerosene (SKO) allocation for distribution under the Public Distribution System (PDS) was reduced every year beginning 2001-02 till 2003-04, taking into account the number of LPG connections released in each State/Union Territory. While the initial allotment for 2004-05 was based on the criteria adopted hitherto, additional allocations were made during the year to meet urgent emergent demand. For the year 2005-06, allocations have been maintained at the level of 2004-05, including additional allocations made during that year. For the year 2006-07, allocations have been maintained at the level of 2005-06. The possibility of black marketing of Kerosene by some unscrupulous elements cannot be ruled out due to huge price difference.

Oil Marketing Companies (OMCs) undertake regular and surprise inspections of their Kerosene (SKO) dealers and take action against the defaulters under Marketing Discipline Guidelines. It has been reported by OMCs that no complaints have been received against their SKO dealers. OMCs have reported that four cases of black marketing of PDS SKO by SKO dealers and fourteen cases of other malpractices/irregularities have been detected during the last two years.

In order to check the black marketing of Public Distribution System (PDS) kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, according to which the dealers cannot sell PDS kerosene at a price higher than the price fixed by the Government or OMCs and that the PDS kerosene dealers should prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place.

Under the Control Orders issued by the Government to prevent diversion and black-marketing of kerosene under the Essential Commodities Act, 1955, State Governments are empowered to take action against those indulging in black-marketing and other irregularities.

Government have also approved a pilot project - `Jan Kerosene Pariyojana` (JKP) for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized prices to the intended beneficiaries; and secondly, to thus cap, reverse and eventually eliminate the diversion of PDS kerosene for adulteration. One of the salient features of this scheme is that supplies to the sub-wholesale points will be made under the direct supervision and responsibility of the public sector OMCs. The scheme has been launched on a pilot basis in 414 blocks in the country from 2nd October, 2005. The pilot scheme has been further extended upto 30.06.2007.

With a view to checking diversion of subsidized kerosene and in order to monitor the movement of Tank Trucks transporting petroleum products, the Government have advised the public sector OMCs for installing Global Positioning System (GPS) based vehicle tracking system on all the tank trucks by 31.03.2007. The essential features of the system is that the vehicle carrying PDS SKO is fitted with a device and can be tracked on real time basis from the time it leaves the supply location and till it reaches the destination.

To check adulteration in auto fuels, and also to check diversion of subsidized kerosene, Government have also advised OMCs to introduce marker in adulterants. Public sector OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system heralds the introduction of world-class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply chain. With the

marker`s presence, adulteration even with very low levels of kerosene can be detected. MS/HSD Control Order, 2005, SKO Control Order, 1993 and MDG 2005 have been amended for making provision regarding introduction of marker system in Kerosene to check adulteration. A committee has been set up in the Ministry to monitor the progress of the marker system. Oil Marketing Companies in the Private sector have also been simultaneously asked to introduce marker in Kerosene as is being done by Public Sector OMCs.